



GST Regime: Preliminary Study on Development of GST Online Training

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Abstract

The introduction of goods and services tax (GST) by the government of Malaysia marks a significant revamp in Malaysian tax system. In conjunction with the dissatisfaction expressed towards the current tax system, GST was implemented to ensure the right pace for the development of the Malaysian economy. Hence, a decision to introduce GST emerged at the right time to reduce the fiscal deficit in Malaysia. In view of this new tax regime, this preliminary study reveals the response on the GST online training as a medium to enhance the understanding of GST operations among university graduates. This study proposes a conceptual model to understand the determinants for efficacy of GST online training. Besides that, this study highlights the relevancy of a Bachelor in Taxation program that should be offered in order to ensure that sufficient tax practitioners are produced by universities. The result of this study indicates that 70.31% of the respondents reacted positively with the introduction of GST online training. Eight variables were determined as determinants for efficient GST online training. In addition, 79.00% of the respondents reacted positively towards the Bachelor in Taxation program. The result of this study also indicates the potential of a GST online training as a new revenue framework for higher institutions. With sufficient tax education among the future GST practitioners, the human capital factor that supports the new tax regime in Malaysia may significantly improve.

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Keywords: E-learning, GST online training, Bachelor in taxation, Human capital, Tax revamp.

Contribution of Study

This study originates the new framework to enhance the understanding and readiness of GST operation among university graduates. This study also contributes to the relevancy of a Bachelor in Taxation program that may indicate the potential of a GST online training as a new revenue framework for higher institutions.

1. Introduction

The introduction of goods and services tax (GST) by the government of Malaysia marks a significant revamp in Malaysia tax system. In conjunction with the dissatisfaction of the current tax system, GST was implemented to ensure the right pace for the development of the Malaysian economy. This is due to the fact that GST enables a wider coverage of taxable goods and services. The Malaysian government decided that GST will be introduced to replace the existing sales and service tax starting from 1st April 2015. Malaysia becomes the 161st country to implement GST around the world. The idea of adoption of GST in Malaysia was initiated in 2007. However the implementation was postponed due to the lack of readiness among the business organizations. GST is not an accounting issue since most organisations which are operating in Malaysia might be affected. It is a business issue that requires vital attention from the entire company. Business organizations need to get ready and be prepared for the impact of GST on their entire business process, including the effect on their customers and their suppliers (Devlin, 2009).

The current tax system is limited in scope, which led to the introduction of GST. An increase in tax revenue collected by the government will be used to finance national development projects which could improve the standards of living among the citizens. In Asia, there are 7 countries that have implemented GST to replace their current tax system.

GST is hoped to make way for a more transparent tax regime and an improved effective and efficient tax collection. GST is able to promote an elimination of cascading and compounding effects, transfer pricing and value shifting, complete relief on good exported as well as discourage vertical integration, administrative bureaucratic red tape and classification issues (Royal Malaysian Customs Department, 2013).

Since transformation always requires a holistic modification, the implementation of GST also requires a drastic measures to be taken since GST operation will significantly affect many parties including businesses, government agencies, suppliers, and definitely the end users. In fact, a quick survey was conducted by Maybank Malaysia to discuss on the early impact of GST on consumer spending and prices (Iliass *et al.*, 2015). The result of the survey showed a mixed impact on the price of goods and services, revealed a pre-GST spending rush and found expectations of increased inflation rate. The same patterns of reaction on GST implementation were also experienced by many countries all over the world. Based on the previous experience of the developed countries, most of their citizens perceived that prices of goods and services would increase at the early stage of GST implementation (Palil *et al.*, 2013).

The implementation costs of GST in Australia involved three different areas namely design, drafting and enactment, administration and compliance (Tran-Nam, 2000). Australian businesses may incur a significant increase in the implementation cost and most of the cost was cascaded down to their consumer. In Pakistan, there was a vigorous protest among the business owners during the early stage of GST implementation (Ahmad, 2010). This could be due to the fact that Pakistan faces an incomplete tax base due to the frequent changes made by the Central Board of Revenue. In early 1990s, it was concluded that GST in Pakistan was not able to meet the objective of maximization of revenue generation. In New Zealand, during the early stage of implementation the policy makers realized the importance of maintaining a comprehensive tax base which was the most difficult area to be monitored by them (Dickson and White, 2008).

GST may also impact the human capital factor. There is a significant change in tax law and the enforcement activities. Furthermore a record system needs to be update in order to cater for GST operation effectiveness. More GST experts are needed to provide their professional advice pertaining to the GST operation. Issue of readiness and education must effectively reach the public to ensure that they can have a clear idea about the purpose of the implementation. In Malaysia this initiative also faces a big challenge, as suggested by a study conducted by Palil *et al.* (2013). This study suggested that there is an insufficient information being delivered pertaining to GST operation in Malaysia. The level of readiness and awareness is low due to unclear information by the respective authorities. Owing to this, the government and the authorities must constantly disseminate and educate the public by cascading relevant and useful information (Choon, 2014)

2. Literature Review

Nowadays, traditional classroom management is not a dominant learning method. The emergence of electronic learning or e-learning becomes a renowned learning approach among the younger generation. Among the areas that greatly experience the advantage of e-learning is online training. Online training creates an interesting and convenient platform for the trainees without any time or place constraint. Online training positively improves the economic benefits as well as standard delivery material and support the content variety (Strother, 2002). In UK, universities strive to accommodate e-learning among their courses. This is mainly due to the rapid development of e-learning that have begun to create a major impact among UK higher institutions (Jones and O'shea, 2004). As for business organization, the development of information technology and the internet has indirectly motivated business organizations to adapt to the changes in business environment, including using e-learning to manage their staff (Lim *et al.*, 2007).

The success of e-learning may generate a greater access to education that is in line with the broader strategic business goals (Uden and Damiani, 2007). Owing to this, the content of e-learning must be able to support the business process. Higher institutions ought to play their roles to provide the best facilities to accommodate the e-learning ecosystem. Kahiigi *et al.* (2007) suggested the six objectives of promoting e-learning in higher institutions.

1. To promote a unity of knowledge society and knowledge based economy.
2. To adapt advancement in information technology that is able to meet the students' need while minimizing operation cost.
3. To support the demand for information technology knowledgeable and skills graduates.
4. To rapidly increase the number of on-campus students, off-campus students and lifelong learning.
5. To create effective research collaboration opportunities.

E-learning potentially simplifies the learning process in the traditional learning system. Through a development of system to cater for the needs of the learner, e-learning may significantly reduce the cost of materials, class instructors, facilities, and supporting manpower. Palloff and Pratt (2001) commented that the younger generation prefers learning through the internet and online courses. This is mainly due to extensive opportunity to think, respond and question effectively. Hence, the development of an online system is very significant in order to support the success of e-learning. The interaction between the learner and the system is one of the four interactive components of e-learning that is emphasized the new computer technology (Bouhnik and Marcus, 2005). Technical system and social system of e-learning environment will also directly increase the effectiveness of e-learning (Wu and Hwang, 2010). A quality e-learning system and learner attractiveness also play a significant role to ensure the effectiveness of e-learning. The multimedia features and reduction in waiting time to download the online materials will improve the quality of e-learning system (Tseng and Lin, 2011). A study conducted by Ho and Kuo (2010) suggested that personal computer attitude will also directly influence the learning outcome in e-learning through the understanding of flow in e-learning environment.

The younger generation, has very positive attitude towards the use of computer since most youngsters are so familiar and adapt in their use of internet technology in their work routine. Furthermore the internet is so convenient and helps to ensure that a process of obtaining an education is much easier as compared to the traditional system. Numerous studies have been conducted on the effectiveness of cyberspace learning. Online learning reports a higher satisfaction and learning climate as compared to the traditional learning environment (Chou and Liu, 2005). Hence online learning is able to be an important long-term strategy for higher institutions (Allen and Seaman, 2005). Being a long-term strategy, demand for the online learning is expected to grow along the advancement in technology. In a similar vein, there is an expected growth in online certification offered by the higher institutions in the next few years (Kim and Bonk, 2006).

A study conducted on the effectiveness of online course in higher education institutions shows that flexibility class schedule and online interaction are key determinants of effective online course environment (El Mansour and Mupinga, 2007). A study conducted by Lim *et al.* (2007) to determine the factors of effective online training suggested that there is a positive relationship between online training and individual(self-efficacy, motivation), organizational and online learning training design construct (support from supervisor, email communication, contents of training, continuous learning culture).

3. Research Method

This study was inspired by the current response on the implementation of GST in Malaysia. Future GST practitioners play an important role to supply their professional services. In addition, these practitioners also act as the 'back bone' to the success of GST implementation. This study is exploratory and descriptive in nature and will focus on two objectives. It will reveal the insight of GST online training program among the university graduates. 81 out of 120 respondents participated by answering the survey and these responses represent 68% respondent rates. The 81 respondents consist of students from Bachelor in Accounting (N = 31), Bachelor in Business Administration (N=22) and Foundation in Management (N=28).

As the online application is increasingly being accepted, a convenient and user-friendly training approach is highly demanded. Nowadays the outreach of the e-learning among the younger generation has grabbed the online providers' attention. Hence this learning concept can be applied within a wider context for educational institutions. Hence, the first objective of this study is to propose a conceptual model to understand the determinants for efficacy of GST online training program. This study is conducted based on learning performance. The learning performance is measured based on the perception of the students on the following variables. Based on our studies, out of twelve variables (N=12), eight variables (N=8) were determined to represent the effectiveness of GST online training. User-friendliness, computer self-efficacy, e-mail exchange, encouraging learning environment were variables adopted from existing training environment (Lim *et al.*, 2007). Out of nine (N=9) variables, five (N=5) variables were finally being determined in this study to support the relevancy of GST online training environment. The definitions of all variables use for this study are stated below:

1. User friendliness

This item focuses on the access of the online resources that can be easily access by the graduates at any time they wish. The speed and simplicity of online application enhance the confidence of the graduates on the online training program.

2. Computer self-efficacy

Nowadays, the demand for online application has tremendously increased due to the improvement of computer literacy among the graduates. The younger generation is so familiar with the computerized system, and they like to follow any new emerging trends in computer technology. This variable highlights the familiarity and skills that graduates have to perform their task using computers.

3. E-mail communication

The traditional learning system requires face-to-face meeting in conducting training. This approach is getting less relevant in the online training environment. Online training supports the communication between the instructor and trainees through e-mail communication which is much faster and easier to be monitored. Learners can easily communicate with their instructor without any physical appointment.

4. Encouraging learning environment

This item emphasizes on the emergence of e-learning that plays an important role in multimedia learning system. Online resources are crucial for graduates to perform their job task. Owing to this, GST online training program may improve the learners' knowledge on GST operation.

5. Approved accounting software

Among the main pillar of GST operation is the maintenance of accounting software. Any revision pertaining to requirement of the approved accounting software will be much effective to be updated through online system. This will be one of the advantages of online learning environment. The updates are instantly informed and easily reachable by the graduates.

6. Collaboration with Royal Malaysia Custom (RMC)

Like Malaysia, RMC is promoting their online GST course to the public. This course is open to the directors, practitioners and small medium enterprise owners to get the real understanding of GST operation. Hence, the development of GST online training will ensure that graduates are able to understand and get the real experience of GST operation. Furthermore, online training enables a good collaboration between the higher institutions and customs department. This may create a comprehensive online training program that will benefit many entities.

7. Public consultation

This effort plays a crucial role for higher institutions and the member of GST Review Panel to exchange their idea and views that are relevant to GST operation. This will be the most appropriate platform for RMC to get a consistent update on the insight of GST operation from the higher institutions. This effort may also ensure the consistency of GST operation as per RMC's requirement and the contents of the online training module.

8. University's support

The university may support the success of GST online training through various program conducted to enhance the understanding of graduates on GST operation. Program such as competition will improve the interest of graduates to understand GST operation. Besides that, the same message can be delivered through GST Friends Club too. Tax curriculum also needs to include industry-linked project between corporations, customs department and the university to get the latest updates on GST. Furthermore, an internship program that specializes in GST may also ensure the readiness of graduates towards GST once they step into their real working world.

In order to cater for the human capital factor of GST operation, universities need to supply GST literate graduates. This is an urgent agenda during the 'green phase' of GST implementation. We need experts who truly understand and are able to handle GST related matters. They may boost the confidence towards GST operation through their professional opinions and delivery of service. Owing to this, the second objective of the study is to determine the relevancy of a Bachelor's degree in Taxation to be offered to ensure sufficient GST practitioners are produced by the educational institutions. The idea of offering such a program will significantly benefit the tax education system among the university graduates. This program enables the graduates to focus and strengthen their GST knowledge. As a result, the level of competency among the tax professionals can be increased.

4. Results and Findings

4.1. Learning Performance Through GST Online Training Program

This study determines the students' perception on their learning performance through GST online training program. The questionnaire of the study focuses on eight variables (user friendliness, computer self-efficacy, e-mail communication, encouraging learning environment, approved accounting software, collaboration with the customs department, public consultation and university's support). Based on a cause-effect relationship, the survey items focuses on the perception of students on their own achievement. The relationship highlights the degree that the trainees learn and improve by attempting the online training program (Lim *et al.*, 2007). Based on the eight variables, students may conclude whether the development of GST online training enhances their understanding on GST operation.

Table-1. Percentage of acceptance of GST online training

Items	% of Agree	% of Disagree
User-friendliness	87.50	12.50
Computer self-efficacy	75.00	25.00
Approved accounting software	75.00	25.00
Encouraging learning environment	75.00	25.00
University's support	75.00	25.00
Collaboration with RMC	62.50	37.50
E-mail communication	62.50	37.50
Public consultation	50.00	50.00
Average	70.31	29.69

Based on Table 1 above, the result of the study reveals that the user-friendliness scored the highest percentage of acceptance to develop GST online training. This item scored 87.50% of acceptance among the items measured. This item is followed by computer self-efficacy, approved accounting software, encouraging learning environment and university's support that scored 75% of acceptance respectively. Collaboration with custom department and email communication scored 62.50% acceptance while the public consultation scored the lowest percentage (50%) of acceptance.

Nowadays, it is a current trend for graduates to use smartphone. In fact some of their registered subjects or programs have started to apply a blended learning concept. The result of this study also supports this trend since user friendliness marked as the most preferred determinants of GST online training. The younger generation is so enthusiastic to apply technology in their daily routine. As a result, an online GST training will significantly attract the graduates to improve their level of understanding on GST operation. In a similar vein, computer self-efficacy may boost the need of online training as a medium to enhance GST operation's knowledge among graduates. This result is expected as a consequence of user friendliness being the most agreeable determinants of GST online training program. This may further support the rapid development of an accounting software that supports GST operation.

An approved accounting software plays an important role in GST operation. RMC clearly listed all the approved accounting software that will support GST audit file report. RMC also issued accounting software guide for the industries to ensure the standardization of GST record keeping. As a result, accounting software is one of the most significant components of GST online training program. The introduction of an approved accounting software will ensure that the graduates are able to be familiar with the RMC approved accounting software. This is really urgent to ensure that what they have learned is applicable to the industries' needs.

Besides the vital components of efficient online training, GST literacy is essential among university graduates. Through education and learning system, universities are able to produce GST-competent graduates. Owing to this an encouraging learning environment may significantly improve the effectiveness of GST online training. Universities should regularly communicate with RMC to resolve any disputes or be updated of changes from time to time. Besides that, academicians also need to upgrade their knowledge through conferences and training, academic forum or public debates. This will ensure that they are able to exchange their ideas with the industry practitioners and the regulators. Universities may also support in terms of lab facilities, GST friends' club and competitions to attract and improve the knowledge of graduates on GST operations.

Collaboration with RMC is vital to ensure that the higher institutions are aware of the needs of the industries. Furthermore, this collaboration will improve the confidence among the trainees through the recognition of the GST online training by RMC. This study found

that email communication surprisingly ranked as the second lowest contributor of GST online training program development. The result of this study may enlighten the need of face to face communication between trainees and instructors. This might be due to the technicalities of GST operation that needs the trainee to meet the instructors instead of communicating through e-mail. Lastly, public consultation scored the lowest acceptance among the items measured. It might stress the role of university to ensure the consistency and recognition of the online training module through dialogs with the GST Review Panel. This study also requested the respondents to rank the variables to encompass the most significant learning performance that will lead to the development of GST online training. Figure 2 below depicts the ranking of items measured.

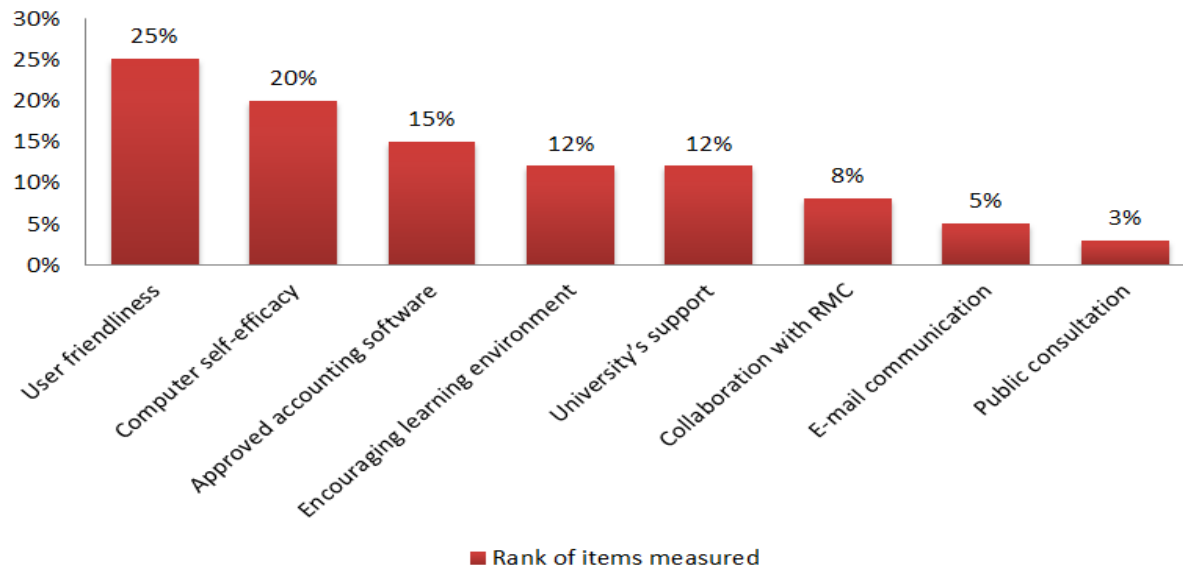


Figure-1. Rank of items measured

Based on the above figure, 25% of the respondents responded that user friendliness should be the best factors that will lead to the development of GST online training program. This percentage is followed by computer self-efficacy. 20% of the respondents responded that computer self-efficacy leads to development of GST online training program. Approved accounting software, encouraging learning environment and university's support scored 15% and 12% contribution to the development of GST online training program. Whereas the last three measurements namely collaboration with custom department (8%), e-mail communication (5%) and public consultation (3%) scored the lowest percentage of contribution. Based on the result discussed, the following conceptual model was proposed by this study to understand determinants for efficacy of GST online training.

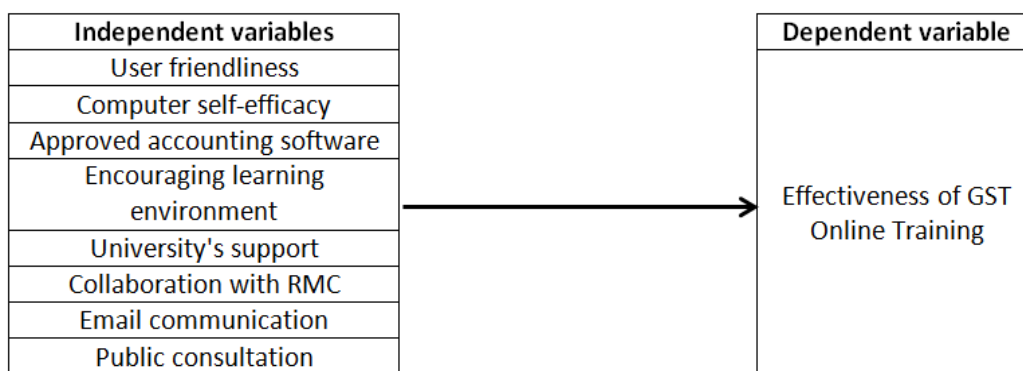


Figure-2. The proposed conceptual model

4.2. New Program offer – Bachelor in Taxation

In order to cater the supply of GST literate graduates, this study suggests the need for graduates who major in taxation. The result of this study is tabulated in the following figure.

Table-2. Percentage of acceptance of Bachelor in Taxation program

Items measured	% of Agree	% of Disagree
Employability	82%	18%
Readiness	80%	20%
Future prospect	78%	22%
Support for GST online training	78%	22%
Improve confidence	76%	24%
Average	79%	21%

Based on the above result, employability scored the highest acceptance among the items measured. This result enlightens the purpose of this program in ensuring graduates' competency on GST operation. Employability is very significant to attract graduates to apply for this program. Readiness scored 80% acceptance towards this program. This result is expected since the employability requires graduates readiness especially in GST operations. Since GST is very new in Malaysia, the industries expect sufficient graduates who are GST literate. As a result, the employability will ensure these graduates are able to have a good future prospect. Future prospect scored slightly lower than readiness with 78% acceptance. Support for GST online training also scored the same percentage of acceptance. This may highlight the significance of GST online training to be part and parcel of this program. The lowest contribution was scored by the improved confidence item that represented 76% of acceptance towards the development of a Bachelor's degree in Taxation.

5. Conclusion and Recommendation

The implementation of GST requires a significant tax revamp among the business organization, from small medium enterprises to the large public listed companies. GST is a business issue. GST operation will affect the overall process of a business. As for that, it is crucial for a business to manage their operations by employing knowledgeable staff. In addition, the whole process of business transactions affects the cash flow management. Companies should be ready with sufficient resources including manpower, GST accounting software, this also extends to qualitative factor such as staff participation, staff acceptance and top management readiness.

The result of this study shows that 70.31% of the respondents reacted positively with the introduction of GST online training. Eight variables were determined as determinants for efficacy of GST online training program. Future research can be conducted to empirically study the proposed framework to determine the effectiveness of GST online training program among graduates. In addition, 79.00% of the respondents reacted positively towards the Bachelor's degree in Taxation. Other scholars may conduct a study to determine the generalization of this response in other universities. Studies whether majoring in taxation is relevant for degree or master's degree also can be conducted to determine the most suitable time to offer this program.

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